

Minutes
Meeting, Board of Trustees
Kansas Workers Risk Cooperative for Counties
December 16, 2010 at 2:00 p.m.
Clubhouse Inn
924 SW Henderson Road
Topeka, KS 66615

The December 2010 meeting of the Board of Trustees of Kansas Workers Risk Cooperative for Counties (KWORCC) was called to order at 2:03 p.m. at the Clubhouse Inn in Topeka by Board President Jim Wise on Thursday, December 16, 2010. Trustees present included: Jim Wise, Miami County Commissioner, President; Linda Buttron, Jefferson County Clerk, Secretary; Michelle Garrett, Morris County Clerk, Controller; Bonnie Swartz, Gray County Clerk and Ralph D. Unger, Decatur County Commissioner.

Staff participating included Mr. James W. Parrish, Administrator; Ms. Dortha O. Bird, Deputy Administrator and Staff Counsel; Mr. Carl Eyman, Deputy Administrator and Loss Prevention Specialist; Mr. Philip J. Rippee, Loss Prevention Specialist; Mr. Richard Alexander, Accountant and Ms. Nicole Jarboe-Paxson, Executive Assistant and Media Director.

Insurance Management Associates (IMA) appeared by Mr. Gene Miller, Mr. Paul Davis and Ms. Susan May. Also present was Ms. Sharilyn Cromer of Local GovU.

President Wise addressed Agenda Item No. 2, "Approval of the Agenda." Mr. Parrish offered corrections to the Board Packet and recommended the addition of Agenda Item No 2b. "Excuse Frances Garcia, Reno County Commissioner for personal reasons." Mr. Parrish asked that the word "medical" be replaced with "personal" on the title of Agenda Item No 2a. Finally, Mr. Parrish recommended the addition of Agenda Item No 4k, "Trade Publication Article Regarding the Kansas Employers Workers Compensation Fund." Ms. Swartz moved to approve the agenda as amended. Ms. Buttron seconded the motion, which CARRIED unanimously.

President Wise called for a motion to excuse Mr. Alcorn and Ms. Garcia for personal reasons. Ms. Swartz so moved. The motion was seconded by Mr. Unger and CARRIED unanimously.

President Wise addressed Agenda Item No. 3, "Consideration of Minutes of Meeting of October 21, 2010." Mr. Unger moved to approve the minutes as presented. Ms. Buttron seconded the motion, which CARRIED unanimously.

President Wise addressed Agenda Item No. 4, "Administrator's Report." Mr. Parrish first discussed Agenda Item No. 4a, "Checks Requiring Board Approval and Ratification of Electronic Transfer of Funds." He itemized the electronic transfer of funds and explained that there were no checks to approve. Ms. Buttron moved to ratify the transfers as presented. Ms. Swartz seconded the motion, which CARRIED unanimously.

Next, Mr. Parrish asked Ms. Cromer to address Agenda Item No. 4b, "Online Training with Local Gov U." Ms. Cromer reviewed the company history and explained that the training is designed for employees of local governments. She explained that the courses are written in 30-minute modules and are available in both auditory and written format. There are a few courses written in Spanish as well as English. There are checkpoints throughout the course to reinforce what has been covered. At the end of each course there is a quiz with eight to 15 questions which are a mix of true/false and multiple choice questions. Questions are presented in a different sequence for each test given, and the time an individual

spends on the training is tracked to make sure that the user studied the materials and didn't just go directly to the quiz. From an administrative standpoint, the human resources director (or other person responsible for personnel issues) can see who is doing the training, how long the person is taking, how many times the person has attempted the test and if the person passed. GovU can create a portal page, linked to KWORCC's website and create a reporting site for KWORCC. Ms. Cromer discussed the costs of subscribing to this safety educational program and the cost when an employee takes a course. She pointed out that the course charge only applies when an employee takes the course and passes the test. She stated that it would take approximately two weeks to install the system and make it available to KWORCC member counties. Ms. Cromer asked for and responded to questions.

As to Agenda Item No. 4c, Mr. Parrish explained that Ms. Garcia could not be present for the meeting; he displayed the item selected to thank Ms. Garcia for her service to the KWORCC Board. He stated Mr. Rippee or Mr. Eyman will deliver the item with KWORCC's gratitude and well-wishes.

Next, Mr. Parrish asked Ms. Bird to address Agenda Item No. 4d, "Contract Renewals." Ms. Bird presented the contract renewals with IMA, Parrish Management Corporation and Jayhawk Tower Partners for approval by the Board of Trustees. Ms. Bird detailed the terms and changes incorporated in the renewal contracts. She said the proposed expenditures incorporated in these agreements were approved when the Trustees adopted the 2011 budget in October. Ms. Bird recommended that the Board approve the contracts as presented. Ms. Swartz moved to approve the contracts as presented by staff counsel. Ms. Garrett seconded the motion, which CARRIED unanimously.

Mr. Parrish then addressed Agenda Item No. 4e, "Loss Cost Multiplier Filing." Mr. Parrish presented the staff's recommendations for the two-tiered Loss Cost Multiplier (LCM) filing. He explained that the 2010 filing included an LCM of 1.46 for counties with experience modification factor of up to and including 1.20 and an LCM of 1.56 for those counties with an experience modification factor of greater than 1.20. In order to fund the budget adopted for 2011, the LCM rates need to be increased to 1.58 for counties with experience modification factor of 1.20 or lower and 1.68 for counties with experience modification factor of greater than 1.20. Mr. Unger moved to adopt the LCM filing as recommended by KWORCC Staff. Ms. Buttron seconded the motion, which CARRIED unanimously.

Next, Mr. Parrish addressed Agenda Item No. 4f, "Amended Investment Policy." Mr. Parrish requested this be discussed at Item No. 10 during the report of the Investment Committee. President Wise concurred.

Ms. Bird then addressed Agenda Item No. 4g, "Schedule 2011 KWORCC Board Meetings." After discussion, the following dates were chosen for KWORCC Board meetings in 2011: January 20th, February 17th, March 17th, April 28th, May 19th, June 16th, July 21st, August 18th, September 22nd, October 27th, November 14th (Annual Meeting) and December 15th. The January meeting for 2012 will be held January 19, 2012. Mr. Unger moved to approve the dates, noting that all of the meetings which occur during daylight savings time will begin at 1:00 p.m. and the other meetings will begin at 2:00 p.m. Ms. Buttron seconded the motion, which CARRIED unanimously.

Mr. Parrish then addressed Agenda Item No. 4h, "2011 Premiums Approval." Mr. Parrish presented a worksheet itemizing data and proposed 2011 premiums for each member. After discussion, Ms. Buttron moved to approve the premiums as presented. Ms. Swartz seconded the motion, which CARRIED unanimously.

Mr. Parrish mentioned that Mr. Miller needed to leave early, so President Wise proceeded to Agenda Item No. 7, "Claims Report – IMA." Addressing Agenda Item No. 7a, "Select Claims Review," Ms. May and Mr. Miller reported on claims and answered questions. Ms. May requested approval of a

pending settlement. Ms. Swartz moved to approve claim number 2008035743. Ms. Garrett seconded the motion, which CARRIED unanimously.

Ms. May then addressed Agenda Item No. 7b, "Logicomp Bill Review Report." For the period beginning January 1, 2010 through November 30, 2010, Mr. Miller reported the amount billed totals \$3,742,141. The actual paid amount totals \$1,949,582 resulting in a net savings of \$1,792,558 after fees are paid. This is more than 48% of the amount billed for this 11-month period.

Mr. Davis then explained the "Policy Year Performance Review" under Agenda Item No. 7c. This analytical review generated by IMA shows KWORCC's claim history for policy years 2007 through 2010. The documents consist of graphs which compare the actual paid and incurred losses to the estimated paid and incurred losses and show the actuarial projections. He noted these charts show the status as of the end of November, 2010 and should not be considered as a guarantee of either good or poor ultimate loss performance.

President Wise declared a break in the meeting at 3:48 p.m. The meeting resumed at 4:01 p.m.

Ms. Bird then presented information on the 2011 PRIMA National conference under Agenda Item No 4i. Ms. Bird reported that the conference would be held Sunday June 5, 2011 through Wednesday June 8, 2011 in Portland, Oregon. Mr. Wise, Ms. Buttron and Mr. Unger said they would attend. Ms. Swartz and Ms. Garrett would not be attending. Ms. Bird stated she would book flights and hotels for June 4, 2011 arrival and June 9, 2011 return.

Under Agenda Item No. 4j, Mr. Parrish addressed the vacant Trustee position. The Trustees discussed possible replacements noting that any elected official of a member county within the South Central District would be eligible. After further discussion, Mr. Unger moved that a letter be sent to all member counties informing them that Ms. Garcia's position will be vacant as of January 1 and that the Trustees will be appointing a new Trustee to fill the position in accordance with the bylaws. He said the letter should encourage member counties to submit nominations of elected officials from the South Central District by January 14, 2011 for consideration by the Board. Ms. Garrett seconded the motion, which CARRIED unanimously.

Mr. Eyman reported on Agenda Item No. 4k, "Trade Publication Article Concerning the Kansas Employers Workers Compensation Fund." Mr. Eyman stated that an insurance industry publication reported that the Kansas Insurance Department (KID) is requiring a workers compensation insurance pool known as "Kansas Employers Workers Compensation Fund" to assess its members. The article implies that this additional cash is needed because of the *Bergstrom* decision. He also pointed out that the source of the article is a publication of insurance carriers which compete with pools. After discussion, it was concluded that KWORCC is in a very strong financial position with strong, conservative reserving practices which would protect its member counties from such an action being required by KID.

President Wise then proceeded to Agenda Item No. 5, "Marketing Report." Mr. Eyman discussed marketing activities for several counties.

President Wise addressed Agenda Item No. 6, "Financial Report." Mr. Alexander discussed in detail the financial statements he prepared for October and November 2010. Ms. Swartz moved to receive and file the reports as presented. Ms. Buttron seconded the motion, which CARRIED unanimously.

Mr. Alexander presented the check register. Ms. Swartz moved to approve check Nos. 13953 through 14032 and the direct debits. Mr. Unger seconded the motion, which CARRIED unanimously.

Next, Mr. Alexander reviewed a report showing the value of KWORCC's equity investments as of November 30, 2010 and December 14, 2010.

President Wise called upon Messrs. Eyman and Rippee to address Agenda Item No. 8, "Loss Prevention and County Visits." Mr. Eyman reviewed November, December and January calendars for the loss-prevention staff.

President Wise addressed Agenda Item No. 9, "Legal Report." Mr. Parrish stated there was no legal report.

Next, President Wise addressed Agenda Item No. 10, "Committee Reports." Mr. Unger reported that the Investment Committee met prior to the Board Meeting and recommends the Board adopt resolution #2010-98. Mr. Unger moved that the Board follow the committee's recommendation; Ms. Swartz seconded the motion, which CARRIED unanimously. He stated the committee discussed revisions to the investment policy. The committee recommended that KWORCC use the draft of the new investment policy until the January Board Meeting when a revised policy will be presented. The revisions will include grammatical corrections and a due diligence provision concerning municipal bond investments. Mr. Unger moved to adopt the committee recommendation to use the current draft until the January meeting when a modified version will be available for final adoption. Ms. Garrett seconded the motion, which CARRIED unanimously.

President Wise then addressed Agenda Item No. 11, "Other Business." There was no other business to bring before the Board.

There being nothing further before the Board, Ms. Swartz moved to adjourn at 5:05 p.m. Mr. Unger seconded the motion, which CARRIED unanimously.

The KWORCC Board of Trustees approved the foregoing minutes on the 20th day of January, 2011.

Bonnie Swartz, Secretary
KWORCC Board of Trustees